

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 EPG-02 SP-02 STR-04 TRSE-00
LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-01 L-03
NSC-05 PA-01 PRS-01 SS-15 USIA-06 AGRE-00 /086 W
-----025932 122128Z /64

R 121730Z JUL 77
FM AMEMBASSY ROME
TO SECSTATE WASH DC 5828
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS TEUTE
USCINCEUR VAIHINGEN, GERMANY
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USEEC AND USNATO

USOECD, ALSO FOR EMBASSY

E.O. 11652: NA
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SUBJECT: ITALIAN LABOR DEVELOPMENTS: MODERATE AGREEMENTS SIGNED
AT FIAT AND OTHER FIRMS: OTHERS STILL IN NEGOTIATION: STRIKES.

REF: A ROME 11210,B.ROME 11211, C.ROME 11047

1. SUMMARY. NORMAL LABOR ACTIVITY RESUMED IN ITALY AFTER THE
JUNE LULL DURING THE CONVENTIONS OF THE THREE MAJOR LABOR CON-
FEDERATIONS (REFS.A. AND B AND PREVIOUS). AGREEMENTS HAVE BEEN
CONCLUDED AT FIAT, OLIVETTI, PIRELLI AND A FEW OTHER FIRMS,
BUT ARE STILL IN NEGOTIATION AT OTHER MAJOR PUBLIC AND PRIVATE
CONCERNS. INCREASES IN THESE MAJOR COMPANY-LEVEL AGREEMENTS
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ARE QUITE MODEST, IN KEEPING WITH LABOR'S ASSURANCES AND ITALY'S
UNDERTAKINGS TO THE IMF., BUT EMPLOYERS CONTINUE TO COMPLAIN
OF EXCESSIVE DEMANDS AT SMALLER FIRMS. SIGNIFICANTLY (AS NOTED
BY COMMUNIST DAILY L'UNITA'), THE FIAT AGREEMENT CAME IN
THE WAKE OF THE POLITICAL PROGRAM ACCORD BETWEEN THE GOV-
ERNING CHRISTIAN DEMOCRATS (DC), COMMUNISTS (PCI) AND SMALLER
PARTIES. STRIKE ACTIVITY HAS RESUMED WITH VARIOUS REGIONAL

STRIKES, INCLUDING A JULY 8 GENERAL STRIKE IN CALABRIA TO SUPPORT CONSTRUCTION OF A STEEL MILL, BUT ONE DAY NATIONAL RAIL STRIKE WAS CANCELLED IN RESPONSE TO AN IMPROVED GOVERNMENT OFFER. END SUMMARY.

2. AFTER FIVE MONTHS OF NEGOTIATION, FIAT AND THE METAL-WORKERS' DEFERATION (FLM) COMBINING THE METAL UNIONS OF THE THREE MAJOR CONFEDERATIONS FINALLY REACHED AGREEMENT ON A NEW 3-YEAR COMPANY-LEVEL CONTRACT FOR FIAT'S ROUGHLY 180,000 EMPLOYEES). IN KEEPING WITH THE POLICY OF THE TRI-CONFEDERATIONAL CGIL-CISL-UIL FEDERATION (CCU), THE AGREEMENT CONTAINED ONLY MODEST, INCREASES IN HOLIDAY ("14 MONTH") AND PRODUCTION BONUSES, CONCENTRATING INSTEAD ON INVESTMENT AND EMPLOYMENT AND ON IMPROVEMENTS IN WORK ORGANIZATION AND ENVIRONMENT. THE INCREASE IN THE TWO BONUSES AMOUNTS TO A TOTAL AVERAGE OF 13,500 LIRE (JUST OVER \$15 A MONTH INCREASE PER WORKER, WHICH A FIAT EXECUTIVE TOLD THE PRESS WOULD PRODUCE A COST INCREASE OF OVER 5 PERCENT AND WOULD BE PHASED OVER TWO YEARS. FIAT AGREED TO INCREASE ITS EMPLOYMENT IN SOUTH ITALY BY 5,000 THROUGH SEVERAL SPECIFIC INVESTMENT PROJECTS TO EXPAND PRESENT OR CREATE NEW FACILITIES. LABOR AND MANAGEMENT AGREED TO INCREASE THE PRESENT TEN MINUTES MEAL FOR SHIFT WORKERS BREAK TO THIRTY MINUTES IN MID 1978, REDUCING WORK TIME ACCORDINGLY, BUT WITHOUT DECREASING PRODUCTION, AND TO WORK TOGETHER TO IMPROVE HEALTH AND SAFETY CONDITIONS. THE AGREEMENT ALSO SCHEDULED VACATIONS, CALLED FOR WORK ORGANIZED LIMITED OFFICIAL USE

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TION IMPROVEMENTS INCLUDING INCREASING AUTOMATION OF PARTS SHOPS TO REDUCE HEALTH HAZARDS, AND FROZE COMPANY-PROVIDED MEAL PRICES.

3. THE FIAT AGREEMENT WAS SIGNED ALMOST IMMEDIATELY AFTER THE CONCLUSION OF A "PROGRAMMATIC ACCORD" BETWEEN THE DC, PCI AND SMALLER PARTIES OF THE "CONSTITUTIONAL AREA" TO BE IMPLEMENTED BY THE ANDREOTTI GOVERNMENT AND THE PARLIAMENT. COMMUNIST DAILY L'UNITA' POINTED OUT THAT THIS WAS NO COINCIDENCE, IMPLYING THAT MORE ACTIVE PCI INVOLVEMENT IN GOVERNING ITALY PRODUCES IMMEDIATE FRUITS IN THE FORM OF LABOR COOPERATION IN RESTORING ITALY TO ECONOMIC HEALTH. THE NEW AGREEMENT ALSO MARKED THE NEGOTIATING DEBUT OF NEW COMMUNIST METALWORKER UNION (FIOM/CGIL) SECRETARY PIO GALLI, AND THUS EX-OFFICIO ONE OF THE THREE FLM SECRETARIES GENERAL. COMMUNIST GALLI, A LESS INDEPENDENT AND MILITANT FIGURE THAN HIS RENOWNED COMMUNIST PREDECESSOR BRUNO TRENTIN (NOW A CGIL NATIONAL SECRETARY), ENTERED OFFICE WITH STATEMENTS EMPHASIZING THE NEED FOR WAGE RESTRAINT TO ENCOURAGE INVESTMENT AND EMPLOYMENT, IN KEEPING WITH THE PCI'S CURRENT AUSTERITY LINE.

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4. AGREEMENTS HAVE ALSO BEEN CONCLUDED RECENTLY AT OLIVETTI, PIRELLI AND RIV/SKF (A TURIN MANUFACTURING FIRM), OLIVETTI WILL ALSO INCREASE INVESTMENT AND EMPLOYMENT IN THE SOUTH, RAISE BONUSES A MODEST AMOUNT AND FREEZE MEAL PRICES. PIRELLI AND THE UNIOS WILL BEGIN AN EXPERIMENT IN SHIFTING PRODUCTION FROM AN INDIVIDUAL INCENTIVE BASIS TO AUTONOMOUS GROUPS, WITH AN INCREASE IN INCENTIVES (WHICH WILL BECOME COLLECTIVE RATHER THAN INDIVIDUAL) ESTIMATED AT JUST OVER FOUR US CENTS AN HOR. ABOUT 3,000 EMPLOYEES WILL BE AFFECTED BY THE SHIFT. BONUS INCREASES AT RIV/SKF WERE SIMILAR TO THOSE AT FIAT.

5. NEGOTIATIONS ARE STILL PENDING AT THE BIG PUBLIC AND SEMI-PUBLIC INDUSTRIAL GROUPS (IRI, ENI, MONTEDISON) AND THEIR COMPONENTS, AND AT MANY PRIVATE FIRMS. THE FIAT AGREEMENT IS VIEWED AS A "PILOT" OR MODEL AGREEMENT AND SHOULD SET A TONE OF MODERATION FOR THESE OTHER AGREEMENTS. HOWEVER, THE
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EMPLOYER ASSOCIATION CONFINDUSTRIA AND INDIVIDUAL EMPLOYERS CONTINUE TO COMPLAIN THAT UNION DEMANDS ARE ECCESSIVE AT SMALLER FIRMS, WHERE THE CONFEDERATIONS AND NATIONA UNIONS HAVE LESS INFLUENCE OR CONTROL OVER FACTORY COONCILS. NEVERTHELESS, TURIN/AND MILAN BUSINESSMEN'S COMMENTS TO ECMIN (REF A) INDICATE THAT FACTORY CUNCILS ARE INDEED FOLLOWING CCU GUIDELINES TO A CONSIDERABLE EXTENT AND CONCENTRATING THEIR DEMANDS ON INVESTMENT AND EMPLOYMENT RATHER THAN WAGE AND BONUS INCREASES, ALBEIT WITH CONSIDERABLE TRUCULENCE, PERHAPS ENGENDERED BY THIS CONSTRAINT TO SELF-RESTARAIN.

6. STRIKE ACTIVITY RESUMED AFTER THE CONVENTION LULL, WITH SEVERAL BRIEF REGIONAL AND PROVINCIAL STRIKES AIMED AT INVESTMENT AND EMPLOYMENT AS WELL AS AT PENDING NEGOTIATIONS. A JULY 11-12 NATIONAL RAIL STRIKE WAS CALLED OFF WHEN THE GOVERNMENT PRESENTED A NEW PROPOSAL. THE FEATURE EVET WAS A JULY 8 GENERAL STRIKE IN CALABRIA (SUPPORTED BY SHORT STRIKES THROUGHOUT ITALY AT COMPANIES WITH EGOTIATIONS PENDING) TO PROTEST AGAINST THREATENED CANCELLATION OF PLANS TO BUILD A NEW STEEL MILL AT GIOIA TAURO. CCU SECRETARIES GENERAL LAMA, MACARIO AND BENVENUTO ADDRESSED THE UNION RALLY AT REGGIO CALABRIA TO DEMONSTARTATE THAT THE UNIONS HAVE NOT ABANDONED THE SOUTH AND THE UNEMPLOYED. COMMENT: GIOIA TAURO, IS ENDANGERED NOT ONLY BY ITS UNQUESTIONED ECONOMIC NONVIABILITY, BUT ALSO BY EEC EFFORTS TO RESTRICT STEEL PRODUCTION FACILITIES THROUGHOUT THE COMMON MARKET. ALTHOUGH COMMUNIST CGIL CHIEF LAMA WAS THE MOST OUTSPOKEN OF THE THREE UNION LEADERS IN PROMISING THAT GIOIA TAURO WOULD NOT BE ABANDONED, PCI SPOKESMEN HAVE BEEN MUCH MORE CATTIOUS AND HAVE WARNED AGAINST INVESTING IN UNECONOMIC FACILITIES.GARNDER

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Message Attributes

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Disposition Date: 22 May 2009
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